Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Select Managed Fund

January 2020

Fund Objective

This is an asset allocation fund which aims to grow capital steadily while providing income over the medium to longer term. The preservation of real capital is of primary importance in achieving this objective. The fund is Reg. 28 compliant and is suitable for retirement savings. The fund may hold up to 25% in offshore assets.

Fund Strategy

The fund invests in a combination of equities, money market instruments; nominal and inflation linked bonds and listed property as well as international equities and fixed interest investments. The Fund manager employs an active asset allocation and securities selection strategy and has a maximum equity holding of 75%. Fund risk will be lower than that of an equity Fund. The investment manager will also be allowed to invest in financial instruments (derivatives) as allowed by the Act from time to time in order to achieve its investment objective.

Why choose this fund?

• The fund will consistently hold a large portion in equity instruments, providing long term capital growth.
• This fund is less volatile than a pure equity fund.
• By investing in a single fund that diversifies across all major asset classes, investors "outsource" the difficult decision on how much and when to invest in various asset classes.
• The small Assets Under Management (AUM) of the manager means that the manager is very nimble and able to execute ideas quickly and react speedily to changes in market conditions.

Fund Information

ASISA Fund Classification	South African Multi Asset High Equity
Risk Profile	Moderate Aggressive
Benchmark	Avg SA Multi Asset High Equity
Fee Class Launch date*	01 September 2014
Portfolio Launch date	02 December 2013
Minimum investment	LISP minimums apply
Portfolio Size	R 896 million
Bi-annual Distributions	31/12/19: 32.29 cents per unit 30/06/19: 20.39 cents per unit
Income decl. dates	30/06 | 31/12
Income price dates	1st working day in January and July
Portfolio valuation time	15:00
Transaction cut off time	15:00
Daily price information	The local newspaper and www.sanlamunittrusts.co.za
Repurchase period	3 working days

Fees (Incl. VAT)

	LISP-class (%)
Advice initial fee (max.)	Neg.
Manager initial fee (max.)	0.00
Advice annual fee (max.)	Neg.
Manager annual fee (max.)	0.92
Total Expense Ratio (TER)	0.95

Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

Obtain a personalised cost estimate before investing by visiting https://www.sanlaminvestments.com/individual/factsheetcentre/Pages/default.aspx and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at0860 100 266.

This fund is available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

PERIOD: 01 October 2016 to 30 September 2019

Total Expense Ratio (TER) | 0.95% of the value of the Financial Product was incurred as expenses relating to the administration of the Financial Product.

A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

The current TER may not necessarily be an accurate indication of future TER's. Inclusive in the TER of 0.95%, a performance fee of 0.00% of the net asset value of the class of Financial Product was recovered.

Transaction Cost (TC) | 0.48% of the value of the Financial Product was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) | 1.43% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Top 10 Holdings

Top 10	% of Equity
Naspers	11.72
ABSA Group Limited	6.48
Anglo American	5.34
Prosus	5.15
BHP Group	4.89
British American Tobacco Plc	4.85
Sasol Limited	4.68
MTN Group Limited	4.36
Mondi Plc	4.06
Impala Platinum Holdings Limited	3.68

Performance (Annualised) as at 31 Jan 2020 on a rolling monthly basis*

LISP-class	Fund (%)	Benchmark (%)
1 Year	8.82	8.52
3 Year	3.75	4.77
5 Year	4.65	4.59
Since inception	4.73	4.97

An annualised rate of return is the average rate of return per year, measured over a period either longer or shorter than one year, such as a month, or two years, annualised for comparison with a one-year return.

Performance (Cumulative) as at 31 Jan 2020 on a rolling monthly basis*

LISP-class	Fund (%)	Benchmark (%)
1 Year	8.82	8.52
3 Year	11.66	15.00
5 Year	25.54	25.13
Since inception	28.42	30.02

Cumulative return is the aggregate return of the portfolio for a specified period.

*Significant changes to this fund came into effect from 01 September 2014 and all performance figures are calculated from this date and not the original fund launch date.

Risk statistics: 3 years to 31 Jan 2020

Std Deviation (Ann)	7.31
Sharpe Ratio (Ann)	-0.49

Actual highest and lowest annual returns*

Highest Annual %	13.29
Lowest Annual %	-5.38

*Performance figures sourced from Morningstar.

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary of Terms sheet.

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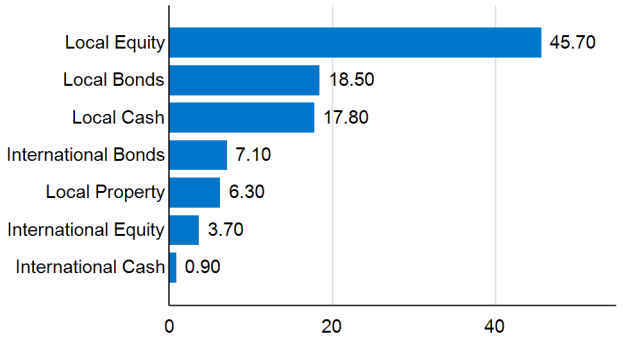
Asset Allocation



Investment Manager Monthly Commentary

2019 will go down in the record books as one of the best years in recent history for world equity markets. The broadest measure of equity returns globally is the MSCI World Index which returned 27.7% (in US dollars) for the year. What makes this once-in-a-decade return so remarkable is that it took place in an environment that would not typically be thought of as conducive to producing good equity returns. Large parts of the rhetoric of 2019 were dominated by trade wars, predominantly between the US and China, the inversion of the US yield curve which many feared signalled the start of a recession, the PMI readings of most of the world's industrialised nations which rolled over and ended the year below the critical 50 level, Brexit and numerous other concerning geopolitical events that would typically concern markets. There is an old adage that markets climb the 'wall of worry' and it seems that 2019 was no exception to that adage.

Emerging markets in general underperformed with the MSCI Emerging Markets Index generating a total US dollar return of 18.4% for the year, with most of this return delivered in the last quarter of the year (11.8%). Given the various idiosyncratic issues facing South Africa, from the continuing issues at Eskom to the pedestrian pace of change in government, it is not surprising that the MSCI South Africa Index lagged the rest of emerging markets and delivered a 7.6% total return in US dollars, notwithstanding a 25% weight in Naspers which was up 20%.

Although the South African equity market significantly lagged international peers, it delivered inflation-beating real returns for the year. The FTSE/JSE All Share Index returned 12% in rand, while the FTSE/JSE Capped Shareholder Weighted Index, which we believe is a more representative index, returned 6.8% for the year. In South Africa, 2019 will be a year that is remembered by the South African market for the eye-watering returns that were generated by the platinum sector, which returned 202% for the year. The cyclical fortunes of the industry turned over in the year with palladium trading through US$2 000 towards the end of the fourth quarter, as the deficit of palladium supply versus demand increased. Gold stocks also had a very strong year returning 108% for the year. The returns of actively managed funds in South Africa have been significantly impacted by the positions that they held in both platinum and gold shares and is likely to be one of the biggest differentiators of performance between managers over 2019, and also over the last quarter where platinum returned 47% and gold 26%.

The Laurium Balanced Prescient Fund has an annualised return since inception (on 9 December 2015) of 7.4% (Class A1) versus the multi-asset high equity category average of 4.7%. The fund had a disappointing fourth quarter, delivering a return of 1%. Although the fund had a position of around 2% in Impala Platinum, and a further 3% in Anglo American, of which over half its valuation is driven by platinum, it was not enough to offset some of the detractors in the portfolio. The largest detractor was the 2.6% position that we held in MTN, and the 30-basis point position that we held in small cap pharmaceutical company Ascendis, which suffered after an asset sale that was expected to transpire failed to do so.

We wrote last quarter that we believed that there was value in Sasol and held our position in the name. It is encouraging that Sasol has turned into a positive contributor over the quarter, benefiting from the cracker restarting after replacement of a defective unit and more recently from a firmer oil price.

Over the last quarter the rand strengthened some 7.5% against the US dollar, which served to depress the returns from dollar assets such as the S&P 500 exchange-traded note position, which would have added 80 basis points in dollar terms but failed to translate into a positive return in rand. In addition, the protection that we took in the form of a put option which protects the fund from downside in the S&P 500 US Index cost the portfolio 16 basis points over the quarter. The stronger rand also impacted our positions in the likes of Anheuser-Busch InBev and the small position in Nigerian treasury bills which are hedged into US dollar.

Our outlook for markets in 2020 is relatively muted. It seems that growth globally is slowing slightly and will be around 3% in 2020 and 2021. The US equity market had a phenomenal 2019. With the S&P 500 having delivered a 31.5% total return, it is highly unlikely that this will be repeated in 2020, with earnings growth forecast to slow to low single digits, and with the one-year forward P/E at 18.3x. However, we think that the US market will probably deliver high single-digit returns in dollar in 2020 as it is late in the cycle for US markets and there generally are decent returns to be had in the late part of the economic cycle.

The US market tends to set the tone for other equity markets globally, but with high single-digit returns out of the US it is difficult to see world markets doing much better. Emerging markets had a strong fourth quarter of 2019 and are starting to attract flows again. We think that this will continue into 2020 and are hopeful that some of the emerging market flows will find their way into South Africa and help drive equity returns in the year ahead. South Africa faces a number of issues: the Eskom woes look set to continue, the budget to be tabled in February will be critical in mapping the resolution to the deficits and to the GDP growth outlook, which we believe will be around 1% in 2020, and then there is the heightened likelihood of a ratings downgrade by rating agency Moody's. Weighing these macro factors against valuations, which for the domestic South Africa component of the market look attractive and have scope to rerate even without significant earnings growth, we believe it is possible for the South African market to deliver inflation-beating returns in 2020 of around 10%. The fixed-income market in South Africa should also deliver low double-digit returns.

Appointed Investment Manager

Laurium Capital (Pty) Ltd

Investment Manager Disclaimer

The management of investments are outsourced to Tantalum Capital (Pty) Ltd, FSP 34142, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

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January 2020

Risk Profile (Moderate Aggressive)

In this portfolio, capital growth is of primary importance and results in a higher allocation to equities. The portfolio may display capital fluctuations over the shorter term, however, volatility levels should be lower than a pure equity fund. While diversified across all the major asset classes, this portfolio is tilted more towards equities and other risky asset classes to ensure the best long-term returns of all the asset classes. Fixed income positions are minimized.

Trustee Information

Standard Bank of South Africa Ltd

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Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result is a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 (“CISCA”). The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. A copy of the Performance fee Frequently Asked Questions can be obtained from our website: www.sanlaminvestments.com. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments Scheme.

Glossary Terms

Active stock selection
This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

Asset allocation funds
Also known as balanced or managed funds. A fund manager invests in a spread of assets such as equities, bonds and cash depending on market conditions.

Collective Investment Schemes (CIS)
Collective Investment Schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Distributions
The income that is generated from an investment and given to investors through monthly or quarterly distribution payouts.

Equities
Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling.

Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

LISP (Linked Investment Service Provider)
A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Regulation 28
Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds.
The allowed maximum exposures to certain asset classes are:
75% for equities; 25% for property; 25% for foreign (offshore) assets +5% to African assets.

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

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